



January 16, 2004

SENATE BILL No. 149

DIGEST OF SB 149 (Updated January 14, 2004 5:19 pm - DI 87)

Citations Affected: IC 36-9.

Synopsis: Borrowing for local public works. Allows a political subdivision to borrow money to finance a public work project costing not more than \$2,000,000 by issuing a note to a financial institution.

Effective: July 1, 2004.

Kenley

January 6, 2004, read first time and referred to Committee on Governmental Affairs and Interstate Cooperation.
January 15, 2004, amended, reported favorably — Do Pass.

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SB 149—LS 6611/DI 87+



January 16, 2004

Second Regular Session 113th General Assembly (2004)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2003 Regular Session of the General Assembly.

SENATE BILL No. 149

A BILL FOR AN ACT to amend the Indiana Code concerning local government.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 36-9-41 IS ADDED TO THE INDIANA CODE AS
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2004]:
4 **Chapter 41. Financing of Public Work Projects by Political**
5 **Subdivisions**
6 **Sec. 1. This chapter applies to a public work project that will**
7 **cost the political subdivision not more than two million dollars**
8 **(\$2,000,000).**
9 **Sec. 2. As used in this chapter, "public work" means a project**
10 **for the construction of any public building, highway, street, alley,**
11 **bridge, sewer, drain, or any other public facility that is paid for out**
12 **of public funds.**
13 **Sec. 3. Notwithstanding any other statute, a political subdivision**
14 **may borrow the money necessary to finance a public work project**
15 **from a financial institution in Indiana by executing a negotiable**
16 **note under section 4 of this chapter. The political subdivision shall**
17 **provide notice of its determination to issue the note under IC 5-3-1.**

SB 149—LS 6611/DI 87+



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1 Money borrowed under this chapter is chargeable against the
2 political subdivision's constitutional debt limitation.

3 Sec. 4. A political subdivision borrowing money under section
4 3 of this chapter shall execute and deliver to the financial
5 institution the negotiable note of the political subdivision for the
6 sum borrowed. The note must bear interest, with both principal
7 and interest payable in equal or approximately equal installments
8 on January 1 and July 1 each year over a period not exceeding six
9 (6) years.

10 Sec. 5. (a) The first installment of principal and interest on a
11 note executed under this chapter is due on the next January 1 or
12 July 1 following the first tax collection for which it is possible for
13 the political subdivision to levy a tax under subsection (b).

14 (b) The political subdivision shall appropriate an amount for
15 and levy a tax each year sufficient to pay the political subdivision's
16 obligation under the note according to its terms.

17 (c) An obligation of a political subdivision under a note executed
18 under this chapter is a valid and binding obligation of the political
19 subdivision, notwithstanding any tax limitation, debt limitation,
20 bonding limitation, borrowing limitation, or other statute to the
21 contrary.

22 Sec. 6. If a political subdivision gives notice under section 3 of
23 this chapter of its determination that money should be borrowed
24 under this chapter, not less than ten (10) taxpayers in the political
25 subdivision who disagree with the determination may file a petition
26 in the office of the county auditor not more than thirty (30) days
27 after notice of the determination is given. The petition must state
28 the taxpayers' objections and the reasons why the taxpayers
29 believe the borrowing to be unnecessary or unwise.

30 Sec. 7. (a) Upon receiving a petition under section 6 of this
31 chapter, the county auditor shall immediately certify a copy of the
32 petition, together with other data necessary to present the
33 questions involved, to the department of local government finance.
34 Upon receipt of the certified petition and other data, the
35 department of local government finance shall fix a time and place
36 for a hearing on the matter.

37 (b) The hearing shall be held not less than five (5) and not more
38 than thirty (30) days after the department's receipt of the certified
39 petition, and shall be held in the county where the petition arose.

40 (c) The department of local government finance shall give notice
41 of the hearing by letter to the political subdivision and to the first
42 ten (10) taxpayer petitioners listed on the petition. A copy of the

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1 letter shall be sent to each of the first ten (10) taxpayer petitioners
 2 at the taxpayer's usual place of residence at least five (5) days
 3 before the date of the hearing. In addition, public notice shall be
 4 published at least five (5) days before the date of the hearing under
 5 IC 5-3-1.

6 (d) After the hearing under subsection (c), the department of
 7 local government shall issue a final determination concerning the
 8 petition.

9 Sec. 8. A:

10 (1) taxpayer who signed a petition filed under section 6 of this
 11 chapter; or

12 (2) political subdivision against which a petition is filed under
 13 section 6 of this chapter;

14 may petition the tax court established by IC 33-3-5-1 for judicial
 15 review of the final determination of the department of local
 16 government finance on the taxpayers' petition. The petition for
 17 judicial review must be filed in the tax court not more than
 18 forty-five (45) days after the date of the department's final
 19 determination.

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COMMITTEE REPORT

Madam President: The Senate Committee on Governmental Affairs and Interstate Cooperation, to which was referred Senate Bill No. 149, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, line 17, after "IC 5-3-1." insert "**Money borrowed under this chapter is chargeable against the political subdivision's constitutional debt limitation.**".

Page 2, line 39, delete "township" and insert "**political subdivision**".

Page 3, line 1, after "hearing." insert "**In addition, public notice shall be published at least five (5) days before the date of the hearing under IC 5-3-1.**".

and when so amended that said bill do pass.

(Reference is to SB 149 as introduced.)

RIEGSECKER, Chairperson

Committee Vote: Yeas 9, Nays 0.

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